

EXHIBIT 1

INTRODUCTION

Respondent Beneto, Inc. is a petroleum products transportation corporation headquartered in West Sacramento, California. Steve Beneto, Jr. is the president of Respondent Beneto, Inc.

In 2002, during the first semi-annual campaign reporting period of January 1, 2002 through June 30, 2002, Respondents made \$60,000 in contributions, and thereby qualified as a “major donor committee” under the Political Reform Act (the “Act”).¹ As such, Respondents were required to comply with specified campaign reporting provisions of the Act.

As a major donor committee, Respondents were required by the Act to file late contribution reports disclosing their late contributions within 24 hours of making them. Furthermore, Respondents were also required to file a semi-annual campaign statement, commonly known as a “major donor campaign statement,” disclosing the contributions that they made during the reporting period January 1, 2002 through June 30, 2002. Finally, as Respondents’ contributions exceeded \$50,000 for the calendar year, Respondents were also obligated to file all required campaign statements online or electronically with the Secretary of State after the \$50,000 threshold amount was met.

In this case, Respondents made a late contribution prior to the March 5, 2002 primary election, which they failed to disclose in a properly filed late contribution report, thereby committing a violation of the Act. Respondents also failed to timely file a major donor campaign statement for January 1, 2002 through June 30, 2002, thereby committing an additional violation of the Act. Finally, Respondents also failed to file both the late contribution report and the major donor campaign statement electronically, thereby committing two additional violations of the Act.

For the purposes of this stipulation, Respondents’ violations of the Act are stated as follows:

COUNT 1: Respondents Beneto, Inc. and Steve Beneto, Jr. failed to disclose a \$25,000 late contribution to the Citizens’ Right to Petition, Yes on Prop 45 Committee in a properly filed late contribution report, by the February 23, 2002 due date, in violation of section 84203, subdivision (a).

COUNT 2: Respondents Beneto, Inc. and Steve Beneto, Jr. failed to disclose a \$25,000 late contribution to the Citizens’ Right to Petition, Yes on Prop

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

45 Committee in an electronically filed late contribution report, by the February 23, 2002 due date, in violation of section 84605, subdivision (a).

COUNT 3: Respondents Beneto, Inc. and Steve Beneto, Jr. failed to timely file a semi-annual campaign statement, by the July 31, 2002 due date, for the reporting period January 1, 2002 through June 30, 2002, in violation of section 84200, subdivision (b).

COUNT 4: Respondents Beneto, Inc. and Steve Beneto, Jr. failed to electronically file a semi-annual campaign statement, by the July 31, 2002 due date, for the reporting period January 1, 2002 through June 30, 2002, in violation of section 84605, subdivision (a).

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that the contributions and expenditures affecting election campaigns are fully and truthfully disclosed to the public, so that voters may be better informed, and improper practices may be inhibited. To that end, the Act sets forth a comprehensive campaign reporting system designed to accomplish this purpose of disclosure.

Section 82013, subdivision (c) includes within the definition of “committee” any person or combination of persons who directly or indirectly makes contributions totaling \$10,000 or more in a calendar year to, or at the behest of, candidates or committees. This type of committee is commonly referred to as a “major donor” committee.

Under section 84203, subdivision (a), when a committee makes or receives a late contribution, the committee must disclose the contribution in a late contribution report that must be filed within 24 hours of making or receiving the contribution. Section 82036 defines a “late contribution” as a contribution aggregating \$1,000 or more that is received before an election, but after the closing date of the last pre-election campaign statement. Under section 84200.8, subdivision (b), for an election not held in June or November of an even-numbered year, the late contribution period covers the last 16 days before the election.

Section 84200, subdivision (b) requires a major donor committee to file a semi-annual campaign statement for any reporting period in which the committee made campaign contributions. The first semi-annual campaign statement covers the reporting period January 1 to June 30, and must be filed by July 31. The second semi-annual campaign statement covers the reporting period July 1 to December 31, and must be filed by January 31 of the following year.

Section 84605, subdivision (a) requires major donor committees that make contributions totaling \$50,000 or more in a calendar year to file all required campaign statements online or electronically with the Secretary of State after the \$50,000 threshold amount is met.

Section 84215, subdivision (a) requires all major donor committees supporting statewide measures to file the committee's campaign statements with the office of the Secretary of State, the Registrar-Recorder of Los Angeles County, and with the Registrar of Voters of the City and County of San Francisco.

SUMMARY OF THE FACTS

In 2002, during the first semi-annual campaign reporting period of January 1, 2002 through June 30, 2002, Respondents Beneto, Inc. and Steve Beneto, Jr. made \$60,000 in political contributions, and thereby qualified under section 82013, subdivision (c) of the Act as a major donor committee.

COUNT 1

Failure to Disclose a Late Contribution in a Paper Late Contribution Report

As a major donor committee, Respondents Beneto, Inc. and Steve Beneto, Jr. had a duty to file late contribution reports, disclosing, within 24 hours, the late contributions that they made. The late contribution reporting period for the March 5, 2002 primary election was February 17, 2002 through March 4, 2002.

On February 22, 2002, Respondents Beneto Inc. and Steve Beneto Jr. made a contribution of \$25,000 to the Citizens' Right to Petition, Yes on Prop. 45 Committee. As the contribution was made during the late contribution reporting period prior to the March 5, 2002 primary election, Respondents were required to disclose the contribution in a paper late contribution report filed by February 23, 2002. Respondents failed to do so.

By failing to disclose a \$25,000 late contribution to the Citizens' Right to Petition, Yes on Prop. 45 Committee in a properly filed late contribution report by February 23, 2002, Respondents violated section 84203, subdivision (a).

Respondents disclosed the \$25,000 late contribution made to the Citizens' Right to Petition, Yes on Prop. 45 Committee in a late contribution report filed on April 8, 2002, approximately six weeks after the filing due date.

COUNT 2

Failure to Disclose a Late Contribution Electronically

By making contributions of \$50,000 or more in a calendar year, Respondents Beneto, Inc. and Steve Beneto, Jr. had a duty to file all of its required campaign statements online or electronically with the Secretary of State. On February 22, 2002, Respondents total contributions for the calendar year 2002 totaled \$55,000.

Prior to the March 5, 2002 primary election, Respondents Beneto, Inc. and Steve Beneto, Jr. made a late contribution, and failed to electronically file a late contribution report disclosing the contribution. Respondents made a late contribution of \$25,000 on February 22, 2002 to the Citizens' Right to Petition, Yes on Prop. 45 Committee, and failed to electronically file a late

contribution report disclosing the \$25,000 late contribution by the February 23, 2002 due date.

By failing to disclose a \$25,000 late contribution in an electronically filed late contribution report with the Office of the Secretary of State, as set forth above, Respondents violated section 84605, subdivision (a).

COUNT 3

Failure to Timely File Paper Semi-Annual Campaign Statement

Respondent Beneto, Inc. and Steve Beneto, Jr. had a duty to file a paper semi-annual campaign statement by July 31, 2002, for the reporting period January 1, 2002 through June 30, 2002. Respondents failed to file a semi-annual campaign statement, by July 31, 2002, in violation of section 84200, subdivision (b).

During the reporting period January 1, 2002 through June 30, 2002, Respondents made \$60,000 in contributions and failed to timely file a semi-annual campaign statement disclosing the contributions. By failing to timely file a semi-annual campaign statement disclosing contributions made, as set forth above, Respondents violated section 84200, subdivision (b).

Respondents belatedly filed a paper semi-annual campaign statement for the reporting period January 1, 2002 through September 1, 2002 with the Office of the Secretary of State on September 24, 2002, approximately two months after the filing due date.

COUNT 4

Failure to File a Semi-Annual Campaign Statement Electronically

Respondent Beneto, Inc. and Steve Beneto, Jr. had a duty to file a semi-annual campaign statement electronically by July 31, 2002, for the reporting period January 1, 2002 through June 30, 2002. Respondents failed to electronically file a semi-annual campaign statement, by July 31, 2002, in violation of section 84605, subdivision (a).

On February 22, 2002 Respondents total contributions for the calendar year 2002 totaled \$55,000. As such, Respondents had met the \$50,000 threshold amount, which thereafter required all campaign statements filed by Respondents to be filed electronically or online with the Office of the Secretary of State, in addition to the paper-filing requirement.

During the reporting period January 1, 2002 through June 30, 2002, Respondents made \$60,000 in contributions and failed to electronically file a semi-annual campaign statement disclosing the contributions.

By failing to electronically file a semi-annual campaign statement disclosing contributions made, as set forth above, Respondents violated section 84605, subdivision (a).

CONCLUSION

This matter consists of four counts, which carry a maximum possible administrative penalty of Twenty Thousand Dollars (\$20,000).

Regarding Counts 1 and 2, under the Enforcement Division's Streamlined Late Contribution Enforcement Program, the approved administrative penalty for failing to timely disclose a late contribution is 15 percent of the amount of the undisclosed contributions. However, this matter has been excluded from the streamlined program as Respondents have a prior history of violating the late contribution reporting provisions of the Act. In July 2002, the Commission approved the imposition of a \$2,000 stipulated penalty against Respondents for their failure to disclose a \$15,000 late contribution made to the Assembly Democratic Leadership 2000 Committee in a properly filed late contribution report. In light of Respondents prior enforcement history, the imposition of the maximum penalty of \$5,000 for Counts 1 and 2 is appropriate.

The violations in Counts 3 and 4 were not prosecuted under the Enforcement Division's Streamlined Major Donor Enforcement Program because of Respondents' additional reporting violations. The appropriate administrative penalty for matters removed from the streamlined program typically range from \$1,000 to \$2,500 per violation, depending upon the facts of the case. In this case, Respondent's violations are mitigated as they filed a paper semi-annual campaign statement without prompting by the Enforcement Division two months after the filing due date. As such, imposition of a penalty at the low end of the settlement range in the amount of \$1,250 for Counts 3 and 4 is appropriate.

Accordingly, the facts of this case justify imposition of the agreed upon penalty of Twelve Thousand Five Hundred Dollars (\$12,500).